

Consolidated Financial Statements

**MUNICIPAL DISTRICT OF
WILLOW CREEK NO. 26**

And Independent Auditor's Report thereon Year
ended December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Reeve and Members of Council of the Municipal District of Willow Creek No. 26

Opinion

We have audited the consolidated financial statements of the Municipal District of Willow Creek No. 26 (the Municipality), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2024 and its consolidated results of operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Lethbridge, Canada

April 9, 2025

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets:		
Cash and short-term investments (note 5)	\$ 13,724,515	\$ 13,346,131
Taxes and grants in place of taxes (note 4)	477,065	547,592
Trade and other accounts receivable (note 6)	857,748	276,585
Land held for resale inventory	14,916	44,175
	<u>15,074,244</u>	<u>14,214,483</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	1,583,657	1,368,973
Deferred revenue (note 7)	3,198,024	1,468,891
Employee future benefits (note 8)	85,318	90,045
Debt (note 9)	198,860	329,577
Asset retirement obligation (note 11)	3,329,920	3,232,932
	<u>8,395,779</u>	<u>6,490,418</u>
Net financial assets	6,678,465	7,724,065
Non-Financial Assets:		
Prepaid expenses	350,533	375,456
Inventory for consumption	2,835,350	1,168,756
Tangible capital assets (Schedule 6)	84,129,049	85,947,143
	<u>87,314,932</u>	<u>87,491,355</u>
Contingent liabilities (note 17)		
Accumulated surplus (note 10 and Schedule 3)	<u>\$ 93,993,397</u>	<u>\$ 95,215,420</u>

See accompanying notes to consolidated financial statements.

On behalf of the Council:

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Consolidated Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Revenue:			
Net municipal property taxes (Schedule 4)	\$ 12,785,000	\$ 12,790,445	\$ 12,411,635
User fees and sales of goods	542,800	717,932	602,904
Government transfers for operating (Schedule 1)	2,627,546	2,479,750	1,579,491
Return on Investments	404,000	468,373	544,394
Penalties and costs on taxes	90,000	132,811	93,281
Licenses and permits	9,500	9,020	8,930
Other revenues	1,069,440	1,311,360	1,491,003
Rentals	92,900	99,195	95,636
Franchise fees	-	5,140	32,473
Fines	30,000	30,942	13,656
Total revenue	17,651,186	18,044,968	16,873,403
Expenses (Schedule 5):			
Elected officials	415,790	421,721	414,937
General administration	2,501,140	2,442,931	1,566,586
Information technology	877,300	708,035	517,093
Fire	710,275	700,725	776,358
Disaster and emergency services	47,875	45,407	42,501
Claresholm medical clinic	4,900	13,231	4,647
Emergency services and bylaw enforcement	1,065,175	974,694	975,907
Transportation	8,243,840	7,578,834	7,694,427
Water development	804,300	734,227	511,694
Garbage collection and disposal	271,055	245,363	233,509
Cemeteries	30,000	22,310	51,918
Development and planning	702,525	738,110	581,470
Agricultural services board	720,390	658,518	625,576
Recreation boards	370,145	372,275	338,400
Parks and recreation	44,715	46,871	58,552
Libraries	131,650	131,027	150,308
Family and community support	223,500	223,360	220,955
Amortization of capital assets	-	6,230,863	6,412,130
Total expenses	17,164,575	22,288,502	21,176,968
Excess (deficiency) of revenue over expenses from operations	486,611	(4,243,534)	(4,303,565)
Other:			
Contributed tangible capital assets	-	80,514	31,042
Government transfer for capital (Schedule 1)	434,386	2,518,279	2,610,450
Gain on sale of tangible capital assets	-	422,718	981,504
	434,386	3,021,511	3,622,996
Excess (deficiency) of revenues over expenses (Schedule 2)	52,225	(1,222,023)	(680,569)
Accumulated surplus, beginning of year	95,215,420	95,215,420	95,895,989
Accumulated surplus, end of year	\$ 95,267,645	\$ 93,993,397	\$ 95,215,420

See accompanying notes to consolidated financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Excess (deficiency) of revenue over expenses	\$ 52,225	\$ (1,222,023)	\$ (680,569)
Acquisition of tangible capital assets	(11,402,550)	(4,518,255)	(5,812,053)
Contributed assets	-	-	-
Amortization of tangible capital assets	-	6,230,863	6,412,130
Gain on sale on tangible capital assets	-	(422,718)	(981,504)
Proceeds on disposal of tangible capital assets	-	528,204	1,311,707
Net change in prepaid expense	-	24,923	(50,883)
Net change in inventory for consumption	-	(1,666,595)	233,034
Change in net financial assets	(11,350,325)	(1,045,601)	431,862
Net financial assets, beginning of year	7,724,065	7,724,065	7,292,203
Net financial assets, end of year	\$ (3,626,260)	\$ 6,678,464	\$ 7,724,065

See accompanying notes to consolidated financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Consolidated Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Deficiency of revenues over expenses	\$ (1,222,023)	\$ (680,569)
Non-cash items included in excess (deficiency) of revenue over expenses:		
Amortization of tangible capital assets	6,230,863	6,412,130
Contributed tangible capital assets	(80,514)	(31,042)
Gain on sale of tangible capital assets	(422,718)	(981,504)
Increase in asset retirement obligations	96,988	94,163
	4,602,596	4,813,178
Changes in non-cash assets and liabilities:		
Trade and other accounts receivable	(581,163)	451,500
Taxes and grants in place of taxes	70,527	1,348,475
Land held for resale inventory	29,259	1
Prepaid expenses	24,923	(50,883)
Accounts payable and accrued liabilities	214,685	289,862
Deferred revenue	1,729,133	(2,251,077)
Inventory for consumption	(1,666,594)	233,034
Employee future benefits	(4,727)	25,800
	4,418,639	4,859,890
Capital activities:		
Acquisition of tangible capital assets	(4,437,742)	(5,781,011)
Proceeds on disposal of tangible capital assets	528,204	1,311,707
	(3,909,538)	(4,469,304)
Financing activities:		
Proceeds from long-term debt	(130,717)	(129,254)
	(130,717)	(129,254)
Increase in cash and short-term investments	378,384	1,609,807
Cash and short-term investments, beginning of year	13,346,131	13,084,799
Cash and short-term investments, end of year	\$ 13,724,515	\$ 13,346,131

See accompanying notes to consolidated financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The consolidated financial statements of the Municipal District of Willow Creek No. 26 (the "Municipal District" or "M.D.") are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Municipal District are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in accumulated surplus and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the Municipal District are the following: Clear Lake Park Campground, Pine Coulee Campground, Willow Creek Campground, and Hamlet of Granum.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Cash and temporary investments:

Cash and temporary investments includes cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition.

(d) Investments:

Investments consist of funds on deposit. As the M.D. has the ability and the intent to hold these investments to maturity they have been recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investments. For investments recorded at amortized cost, when there has been a loss in the value that is other than a temporary decline, the respective investment is written down to its realizable value. As all investments are recorded at amortized cost, there are no fair value adjustments which are not recognized through the Statement of Operations, as such, no Statement of Unrealized Gains or Losses is presented.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Revenue recognition:

All revenues are recorded on an accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as deferred revenue.

i. Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

ii. Exchange transactions

Revenue from sales and user fees and other exchange transactions is recognized when the Municipal District satisfies its performance obligation with the payor. User fees are recognized over the period of use. Sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance. Licenses and permits which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

iii. Non-exchange transactions

Revenue from net municipal property taxes and other non-exchange transactions is recognized when the Municipal District has the ability to claim or retain an inflow of economic resources and a past transaction or event giving rise to the asset has occurred.

(f) Inventories for resale:

Land inventory held for resale is recorded as the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and leveling. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under their respective function.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Asset Retirement Obligations:

Asset retirement obligations (ARO) are legal obligations associated with the retirement of a tangible capital assets (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to;

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use; post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

(h) Contaminated sites liability:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Requisition over-levy and under-levy:

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i. Tangible capital assets:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Assets	Years
Buildings	25 - 100
Land improvements	15 - 45
Engineered structures	15 - 100
Machinery and equipment	5 - 25
Vehicles	5 - 25

Assets under construction are not amortized until the asset is available for productive use.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Non-financial assets (continued):

ii. Contribution of tangible capital assets:

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iv. Asset impairment:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Municipal District's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital asset are less than their book value. The net write-downs are accounted for as an expense.

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Significant areas subject to such estimates and assumptions include the estimated useful life of tangible capital assets, asset retirement obligations, taxes and grants in place of taxes, and land held for resale. Actual results could differ from those estimates.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Recent accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2025, the Municipal District will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

(a) The Conceptual Framework for Financial Reporting in the Public Sector:

The Conceptual Framework for Financial Reporting in the Public Sector, is the foundation for public sector financial reporting standards. It replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

This revised framework is effective for fiscal years beginning on or after April 1, 2026. Early adoption is permitted. The conceptual framework is to be applied prospectively.

(b) PS 1202 Financial Statement Presentation:

The Canadian Public Sector Accounting Board issued a new guideline, PS 1202 Financial Statement Presentation. The new reporting model builds upon existing section PS 1201 of the same name, to better respond to the need for understandable financial statements. The key aspects of this guideline are:

- Statement of financial position - Statement has been restructured to present total assets, then total liabilities to arrive at net assets/liabilities.
- Statement of Net Financial Assets (Liabilities) - New statement that will display a revised calculation of net debt. Option to present the net financial assets/liabilities indicator at the bottom of statement of financial position.
- Statement of Changes in Net Assets (Liabilities) - New statement that will show a reconciliation between opening and closing balances of each component of net assets or net liabilities.
- Statement of Cashflow - Restructured such that financing activities will be separated from other items on the statement. Allowing the statement to highlight net cash before financing activities.
- Budget - Requirement for presentation of budget figures using the same basis of accounting, accounting principles, scope of activities and classifications as the actual amounts.

The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted if the entity adopts the revised conceptual framework at the same time.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

3. Change in accounting policy:

Effective January 1, 2024, the Municipal District adopted PS 3160 Public Private Partnerships (P3), PS 3400 Revenue and PSG-8 Purchased Intangibles prospectively, with the exception of P3 contracts entered prior to January 1, 2024, of which retroactive application is used without restating prior year comparatives.

These new accounting policies have no current or historical impact on the presentation of these statements.

4. Taxes and grants in place of taxes:

	2024	2023
Taxes and grants in place of taxes:		
Current taxes and grants in place of taxes	\$ 442,989	\$ 480,706
Arrears taxes and grants in place of taxes	70,585	90,723
	513,574	571,429
Less: allowance for doubtful accounts	(36,509)	(23,837)
	\$ 477,065	\$ 547,592

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Cash and short-term investments:

	2024	2023
Cash and temporary investments	\$ 13,726,515	\$ 13,346,131

Cash includes Municipal District of Willow Creek No. 26 amounts of \$13,350,689 (2023 - \$12,991,965) and Hamlet of Granum amounts of \$373,825 (2023 - \$354,166).

Temporary investments are short-term deposits with maturities of twelve months or less. The Municipal District did not have any temporary investments in 2024 or 2023.

Included in cash and temporary investments is a restricted amount of \$3,198,024 (2023 - \$1,456,891) received from senior levels of government and held exclusively for capital projects (note 7).

6. Trade and other receivables:

	2024	2023
Trade and other accounts receivable	\$ 747,658	\$ 225,796
Goods and services tax receivable	119,501	65,142
	867,159	290,938
Less: Allowance for doubtful accounts	(9,411)	(14,353)
	\$ 857,748	\$ 276,585

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

7. Deferred revenue:

	2024	2023
Deferred revenue, beginning of year	\$ 1,468,891	\$ 3,719,968
Funds received in the year:		
Operating	542,648	100,718
Capital	4,341,485	957,486
	4,884,133	1,058,204
Amounts recognized in revenue during the year:		
Operating	(528,247)	(656,145)
Capital	(2,626,753)	(2,653,136)
	(3,155,000)	(3,309,281)
Deferred revenue, end of year	\$ 3,198,024	\$ 1,468,891
Deferred revenue is comprised of:		
Dead Stock Removal Grant	6,917	3,808
Prepaid property tax	295,201	290,506
2022/23 Fire Services Training Program	-	12,173
2024 Mrf funding	4,838	-
2024 Fire Services Training Grant	10,595	-
Claesholm Community Hall - 2024 Fire Games	330	-
2021/22 Alberta Community Partnership Strategic Initiatives	125,999	280,892
Disaster Services	23,595	23,595
Community Foundation Grant - Granum Library	9,593	-
Community Foundation Grant - Rural Life	15,000	-
Community Foundation Grant - Food Bank	3,500	-
Intact Insurance Company - Granum Cemetery Sign	26,717	-
Other	28,329	6,999
Capital:		
Municipal Sustainability Initiative	-	3,188
Alberta Community Resilience	65,010	681,852
Federal Gas Tax	444,939	165,878
STIP	2,137,461	-
	\$ 3,198,024	\$ 1,468,891

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Employee future benefits:

	2024	2023
Vacation pay	\$ 43,955	\$ 34,826
Banked overtime	12,743	13,542
Sick time accrual	28,620	41,677
	\$ 85,318	\$ 90,045

9. Debt:

	2024	2023
Tax supported debentures	\$ 198,860	\$ 329,577

The current portion of long-term debt amounts to \$132,200 (2023 - 130,718). Principal and interest repayments are as follows:

	Principal	Interest	Total
2025	\$ 132,200	\$ 1,875	\$ 134,075
2026	66,660	377	67,037
	\$ 198,860	\$ 2,252	\$ 201,112

Debenture debt is repayable to Alberta Municipal Financing Corporation and bears interest at the rates of 1.13% per annum, before Provincial subsidy, and matures in 2026. Debenture debt is issued on the credit and security of the Municipal District at large.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2024	2023
Unrestricted surplus	\$ 247,127	\$ 269,480
Restricted surplus:		
Operating:		
Granum	167,416	179,416
Granum Cemetery	1,050	-
Discretionary grants	1,341	691
Physicians recruitment	41,200	41,200
Capital:		
Fire	473,738	524,890
Capital acquisition reserve	2,201,267	2,785,361
Equipment	1,414,068	1,547,861
Claresholm Medical Centre	441,526	380,149
Disaster Services	319,286	300,000
Landfill	16,683	16,683
Protective services	197,089	187,789
Claresholm Industrial Airport	320,275	218,190
Roads	5,422,534	4,247,534
Granum equipment	121,246	121,246
Granum land development	43,223	43,223
Granum water system replacement	162,300	132,300
Bridge file	1,092,151	1,103,432
Gravel pit reclamation	100,000	100,000
Buildings	509,608	531,341
Environmental Buildings	100,000	100,000
	13,146,001	12,561,306
Equity in tangible capital assets	80,600,269	82,384,634
	\$ 93,993,397	\$ 95,215,420

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

10. Accumulated surplus (continued):

	2024	2023
Equity in tangible capital assets:		
Tangible capital assets (Schedule 6)	\$277,761,692	\$274,944,982
Accumulated amortization (Schedule 6)	(193,632,643)	(188,997,839)
Loans related to capital assets	(198,860)	(329,577)
Asset retirement obligation	(3,329,920)	(3,232,932)
	<u>\$ 80,600,269</u>	<u>\$ 82,384,634</u>

11. Asset retirement obligations and environmental liabilities:

	2024	2023
Asset retirement obligations, beginning of year	\$ 3,232,932	\$ 3,138,769
Accretion expense	96,988	94,163
	<u>\$ 3,329,920</u>	<u>\$ 3,232,932</u>

Tangible capital assets with associated retirement obligations include buildings. The M.D. has asset retirement obligations to remove hazardous asbestos fiber containing materials from various buildings under its control. Regulations require the M.D. to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished. Although timing of the asbestos removal is conditional on the building undergoing renovations or being demolished, regulations create an existing obligation for the M.D. to remove the asbestos when asset retirement activities occur.

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently remeasured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on a quote from a third-party who completed a survey and supplemental sampling at all M.D. buildings.

Asset retirement obligations are expected to be settled over the next 10 to 20 years.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

12. Debt limits:

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Municipal District be disclosed as follows:

	2024	2023
Total debt limit	\$ 27,067,452	\$ 25,310,105
Total debt	(198,860)	(329,577)
Amount of debt limit unused	26,868,592	24,980,528
Debt servicing limit	4,511,242	4,218,351
Debt servicing	(130,717)	(134,074)
Amount of debt servicing unused	\$ 4,380,525	\$ 4,084,277

The debt limit is calculated at 1.5 times revenue of the Municipal district (as defined in Alberta Regulation 255/2000) and the debt service is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Municipal District. Rather, the financial statements must be interpreted as a whole.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

13. Local Authorities Pension Plan:

The Municipal District participates in a multi-employer defined pension plan. The plan is accounted for as a defined contribution plan.

Employees of the Municipal District participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 304,451 people and about 444 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Municipal District is required to make current service contributions to the LAPP of 8.45% (8.45% in 2023) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% (12.23% in 2023) on pensionable earnings above this amount. Employees of the Municipal District are required to make current service contributions of 7.45% (7.45% in 2023) of pensionable salary up to the year's maximum pensionable salary and 10.65% (11.23% in 2023) on pensionable salary above this amount.

Total current service contributions by the Municipal District to the LAPP in 2024 were \$394,205 (2023 - \$380,131). Total current service contributions by the employees of the Municipal District to the LAPP in 2024 were \$352,117 (2023 - \$340,501).

At December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.1 billion (2022 - surplus of \$12.7 billion); the 2024 LAPP actuarial balance was not available at the date of this report.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented disclosure:

Segmented information has been identified based upon lines of service provided by the Municipal District. Municipal District services are provided by departments and their activities are reported by functional area in the body of the financial statements. The segmented information is presented in Schedule 2. Certain lines of service that have been separately disclosed in the segments information, along with the services they provide, are as follows:

(a) General Government:

The mandate of general government includes all Council governance, administrative and taxation functional activities.

(b) Protective and Bylaw Services:

The mandate of Protective and Bylaw Services is to provide for policing and bylaw services.

(c) Disaster Services:

The mandate of Disaster Services includes municipal emergency planning, disaster response and emergency services dispatching.

(d) Fire and Emergency Services:

The mandate of Fire and Emergency Services is to provide for the rescue and protection of people and property within the Municipality through effective and efficient management and coordination of emergency service systems and resources.

(e) Transportation Services:

Transportation Services is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway system, streets, walks and lighting, asset management and infrastructure design and construction.

(f) Planning and Development:

Planning and Development is responsible for the administration of municipal planning documents pertaining to residential, commercial, industrial and agricultural development services within the municipality.

(g) Recreation and Culture:

The Recreation and Culture department is responsible for providing regional recreation, summer games and community event funding.

(h) Agricultural Service Board:

The mandate of the Agricultural Service Board is to undertake the requirements of the Agricultural Service Board Act, Weed Control Act, Soil Conservation Act and to provide guidance on agricultural matters to the municipal council and agricultural related services to the public.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

14. Segmented disclosure: (continued):

(i) Environmental Services:

Environmental Services is responsible for water supply and distribution services within the municipality including water and waste services, solid waste disposal and recycling services.

(j) Community Services:

Community Services provides funding for programs that support individuals, families, and communities through programs and services which are delivered through Family and Community Support Services, cemetery services and medical facilities.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu of taxes are allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	Salaries (i)	Benefits and Allowances (ii)	Total 2024	Total 2023
Division 1 - Van Driesten	\$ 38,582	\$ 12,607	\$ 51,189	\$ 50,734
Division 2 - Kroetsch	38,582	11,305	49,887	49,739
Division 3 - Sandberg	49,605	8,368	57,973	55,647
Division 4 - Alm	38,582	13,030	51,612	52,575
Division 5 - Hemmaway	38,582	7,107	45,689	46,882
Division 6 - Berger	38,582	10,487	49,069	48,826
Division 7 - Nelson	38,582	8,168	46,750	45,795
	281,097	71,072	352,169	350,198
Chief Administrative Officer	\$ 263,663	\$ 39,712	\$ 303,375	\$ 276,553

- i) Salary includes regular base pay. For Councilors, salary includes a monthly allowance to attend special events and per diem reimbursement for authorized meetings attended.
- ii) For non-elected officials, employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term plans as well as travel allowances, and professional memberships and tuition.

Benefits and allowances also include the employer's share of the costs of additional taxable benefits.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Financial instruments:

The Municipal District as part of its operations carries a number of financial instruments, such as cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities and long-term debt. It is management's opinion that the Municipal District is not exposed to significant interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

i. Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipal District manages exposure through its normal operating and financing activities.

ii. Credit concentration:

The Municipal District is subject to credit risk with respect to taxes and grants in place of taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Municipal District provides services may experience financial difficulty and be unable to fulfil their obligations. The large number of diversity of taxpayers and customers minimizes the credit risk.

iii. Liquidity risk:

Liquidity risk is the risk that the Municipal District will not be able to meet its financial obligations as they become due. The Municipal District manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Contingent liabilities:

- i. The Municipal District is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the Municipal District could become liable for its proportionate share of any claim losses in excess of the funds held by exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.
- ii. The Municipal District is a member of the Willow Creek Waste Management Services Commission (the "Commission"). The Commission has not determined what the future liability is to close the landfill sites and consequently, the Municipal District could become liable for its proportionate share of any closure and post closure costs in excess of the funds held by the Commission. As of the reporting date, these costs are not determinable.

18. Budget:

The disclosed budget information was approved by the Reeve and Council of the Municipal District of Willow Creek on April 10, 2024.

19. Approval of financial statements:

Council and Management approved these financial statements.

20. Comparative amounts:

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 1 - Schedule of Government Transfers

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Transfers for operating:			
General administration	\$ 1,517,700	\$ 1,377,395	\$ 506,820
Disaster Services	19,286	19,286	-
Bylaw & emergency services	22,175	12,172	-
Family and community support	178,700	178,688	176,764
Agricultural services board	186,250	186,247	192,972
Environmental Services	6,000	3,027	-
Roads, streets, walks, lighting	702,935	702,935	702,935
	2,633,046	2,479,750	1,579,491
Transfers for capital:			
Provincial government	434,386	2,518,279	2,610,450
Total government transfers	\$ 3,067,432	\$ 4,998,029	\$ 4,189,941

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 2 - Schedule of Segmented Disclosures

Year ended December 31, 2024, with comparative information for 2023

	General government	Bylaw & emergency services	Disaster services	Protective services (Fire)	Transportation services	Planning and development	Parks & recreation	Agricultural service board	Environmental services	Other	Total 2024	Total 2023
Revenue:												
Net municipal taxes	12,790,445	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	12,790,445 \$	12,411,635
Government transfers	1,556,082	12,172	19,286	-	702,935	-	-	186,247	3,027	-	2,479,749	1,579,491
User fees and sales of goods	32,353	-	-	327,311	47,783	243,217	4,688	62,580	-	-	717,932	602,904
Return on investments	468,373	-	-	-	-	-	-	-	-	-	468,373	544,394
Rentals	-	-	-	-	4,335	-	-	13,260	12,000	69,600	99,195	95,636
Penalties and cost of taxes	132,811	-	-	-	-	-	-	-	-	-	132,811	93,281
Franchise fees	5,140	-	-	-	-	-	-	-	-	-	5,140	32,473
Fines	30,942	-	-	-	-	-	-	-	-	-	30,942	13,656
Licenses and permits	-	-	-	-	-	9,020	-	-	-	-	9,020	8,930
Other	123,929	191,660	2,500	218,098	180,505	63,122	1,059	14,463	516,020	5	1,311,361	1,491,003
Gain on disposal of tangible capital assets	422,718	-	-	-	-	-	-	-	-	-	422,718	981,504
Contributed Assets	80,514	-	-	-	-	-	-	-	-	-	80,514	31,042
Government grant capital	-	-	-	-	2,518,279	-	-	-	-	-	2,518,279	2,610,450
	15,643,307	203,832	21,786	545,409	3,453,837	315,359	5,747	276,550	531,047	69,605	21,066,479	20,496,399
Expenses:												
Salaries, wages and benefits	1,553,562	739,641	-	8,916	3,844,829	366,999	8,513	430,205	93,044	-	7,045,709	6,946,752
Contracted and general services	1,572,601	80,480	30,232	482,446	458,422	247,647	15,056	57,059	291,602	15,164	3,250,709	2,506,548
Materials, goods, and utilities	393,849	154,574	15,175	209,363	3,253,082	123,463	23,302	171,254	521,974	9,437	4,875,473	4,451,293
Transfers to local boards	-	-	-	-	-	-	372,275	-	-	-	372,275	338,400
Other	16,225	-	-	-	-	-	-	-	-	-	16,225	27,112
Interest and bank charges	9,164	-	-	-	-	-	-	-	-	-	9,164	7,997
Transfers to organizations and individuals	250,645	-	-	-	22,500	-	-	-	72,972	141,967	488,084	486,736
Amortization	162,162	93,445	-	402,906	5,490,308	-	12,150	54,705	15,187	-	6,230,863	6,412,130
	3,958,208	1,068,140	45,407	1,103,631	13,069,141	738,109	431,296	713,223	994,779	166,568	22,288,502	21,176,968
Excess (deficiency) of revenue over expenses												
	11,685,099	(864,308) \$	(23,621)	(558,222)	(9,615,304) \$	(422,750) \$	(425,549) \$	(436,673) \$	(463,732) \$	(96,963) \$	(1,222,023) \$	(680,569)

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 3 - Schedule of Changes in Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Unrestricted	Restricted surplus	Equity in tangible capital assets	2024	2023
Balance, beginning of year	\$ 269,480	\$ 12,561,306	\$ 82,384,634	\$ 95,215,420	\$ 95,895,989
Deficiency of revenues over expenses	(1,222,023)	-	-	(1,222,023)	(680,569)
Transferred from restricted surplus	(584,695)	584,695	-	-	-
Current year funds used for tangible capital assets	(4,437,742)	-	4,437,742	-	-
Contributed tangible capital assets	(80,514)	-	80,514	-	-
Net book value of tangible capital assets disposed	105,488	-	(105,488)	-	-
Amortization of tangible capital assets	6,003,152	-	(6,003,152)	-	-
Amortization of ARO expense	227,711	-	(227,711)	-	-
Accretion expense	96,988	-	(96,988)	-	-
Increase in debt	(130,718)	-	130,718	-	-
Change in accumulated surplus	(22,353)	584,695	(1,784,365)	(1,222,023)	(680,569)
Balance, end of year	\$ 247,127	\$ 13,146,001	\$ 80,600,269	\$ 93,993,397	\$ 95,215,420

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 4 - Schedule of Net Municipal Property Taxes

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
General taxation:			
Real property tax	\$ 9,048,854	\$ 9,060,463	\$ 8,606,440
Special tax - Claresholm	54,918	54,854	21,216
Linear property tax	9,060,668	9,065,863	8,668,503
Government grants in place of property taxes	9,544	(593)	5,135
	18,173,984	18,180,587	17,301,294
Requisitions:			
Alberta School Foundation Fund	4,139,243	4,139,243	3,770,270
Claresholm Recreation	54,918	54,918	21,090
Provincial Policing costs	495,085	496,286	439,966
Seniors Foundations	621,788	621,788	584,131
Designated Industrial Property	77,950	77,907	74,202
	5,388,984	5,390,142	4,889,659
Net municipal property tax	\$ 12,785,000	\$ 12,790,445	\$ 12,411,635

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 5 - Schedule of Expenses by Object

Year ended December 31, 2024, with comparative information for 2023

	Budget	2024	2023
Salaries, wages and benefits	\$ 7,324,920	\$ 7,045,710	\$ 6,946,752
Contracted and general services	4,065,475	3,520,708	2,506,548
Materials, goods and utilities	4,858,935	4,875,472	4,451,293
Transfers to local boards	370,145	372,275	338,400
Interest and bank charges	6,900	9,164	7,997
Transfers to organizations and individuals	488,200	488,084	486,736
Other	50,000	16,225	27,112
Amortization	-	6,230,864	6,412,130
Total expenses by object	\$ 17,164,575	\$ 22,558,502	\$ 21,176,968

MUNICIPAL DISTRICT OF WILLOW CREEK NO. 26

Schedule 6 - Schedule of Tangible Capital Assets

Year ended December 31, 2024, with comparative information for 2023

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicles	Assets under construction	2024	2023
Cost:									
Balance, beginning of year	\$ 6,802,524	\$ 764,766	\$ 14,072,412	\$ 227,040,701	\$ 17,971,466	\$ 7,378,174	\$ 914,939	\$ 274,944,982	\$ 269,396,289
Prior period adjustments	-	-	-	-	-	-	-	-	2,054,017
Acquisition of tangible capital assets	-	-	21,733	2,135,750	1,870,936	409,322	-	4,437,741	5,781,011
Construction in progress	-	-	(21,733)	(1,490,331)	-	(146,244)	1,658,308	-	-
Contributed tangible capital assets	-	-	-	-	18,932	61,582	-	80,514	31,042
Disposal of tangible capital assets	(9,903)	-	-	(153,141)	(1,328,468)	(210,033)	-	(1,701,545)	(2,317,377)
Balance, end of year	6,792,621	764,766	14,072,412	227,532,979	18,532,866	7,492,801	2,573,247	277,761,692	274,944,982
Accumulated amortization:									
Balance, beginning of year	-	264,174	3,409,436	172,514,825	8,712,384	4,097,020	-	188,997,839	182,934,928
Prior period adjustments	-	-	-	-	-	-	-	-	84,129,049
Accumulated amortization on disposals	-	-	-	(138,916)	(1,282,346)	(174,797)	-	(1,596,059)	(1,987,173)
Amortization	-	26,497	224,517	3,921,740	1,427,242	403,156	-	6,003,152	6,184,419
Asset retirement obligation amortization	-	-	5,280	221,569	862	-	-	227,711	227,711
Balance, end of year	-	290,671	3,639,233	176,519,218	8,858,142	4,325,379	-	193,632,643	271,488,934
Net book value of tangible capital assets	6,792,621	474,095	10,433,179	51,013,761	9,674,724	3,167,422	2,573,247	84,129,049	85,947,143
2023 Net book value of tangible capital assets	\$ 6,802,524	\$ 500,592	\$ 10,662,976	\$ 54,525,876	\$ 9,259,082	\$ 3,281,154	\$ 914,939	\$ 85,947,143	